

Snowe, Collins, Michaud, Pingree Call For Provision Protecting Rubber Footwear Jobs in Small Business Jobs Package

Sunday, May 02 2010

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“The incredibly unfair practices utilized by some companies to manipulate our trade system and avoid longstanding tariffs is frankly reprehensible when other companies like New Balance, which employs nearly 1,000 individuals at their three manufacturing facilities in Maine, could potentially see vital jobs disappear simply because they have chosen to invest in American workers,” said Senator Snowe. “I strongly urge my friends and colleagues, Senators Baucus and Grassley, to include this crucial provision in the Small Business Jobs Package, which will make great strides in creating a level playing field and preserving skilled, middle class jobs in our state.

“Maine is home to one of the few remaining shoe manufacturers in the nation. New Balance employs nearly 1,000 Mainers at its three manufacturing plants. While our nation faces the highest unemployment rates seen in years, our economy cannot afford to lose existing jobs due to unfair tariff practices. By adopting Special Note 8 of the Affordable Footwear Act into the upcoming legislation, the Senate has an opportunity to save hundreds of jobs at no cost to American taxpayers,” said Senator Collins.

“This is another example of how our nation’s trade policies affect the ability of our businesses to grow and create jobs,” said Representative Michaud. “This smart, no cost policy change would improve the economic landscape for an industry that still has a significant presence in Maine. It would also help provide some level of security to thousands of affected workers in our region. Encouraging job growth here at home must be our number one priority, and closing this loophole would represent an important step forward. It would help our domestic manufacturers compete and provide an economic boost to the many small firms they do business with.”

“Some companies have been playing it fast and loose with the import rules,” Pingree said. “They are using a technicality to avoid paying the duties they owe. It’s time for Congress to put a stop to that practice and protect good paying manufacturing jobs here at home.”

A copy of the letter is below:

May 3, 2010

Dear Chairman Baucus and Ranking Member Grassley:

As you prepare to advance the next jobs bill, we write to request your assistance in preserving hundreds of jobs in Maine, Massachusetts, and New Hampshire at threat as a result of some companies manipulating our tariff system. We ask that you support our efforts to correct this unfair situation which, if left uncorrected, will only encourage others to try to manipulate products purely for the purposes of avoiding tariffs to which they should be subject.

Genfoot, Inc. and New Balance are among the few remaining domestic shoe manufacturers. Genfoot's facility in Littleton, New Hampshire employs 150 workers, while New Balance employs nearly 1,000 individuals at their three manufacturing facilities in Maine and over 1,200 at its design and manufacturing headquarters in Massachusetts. These are skilled, middle class jobs that bring direct economic benefit to our states and communities during a period of high unemployment and stagnant growth.

While other footwear manufacturers have outsourced their production jobs, these two companies have continued to invest in manufacturing here at home. The viability of their operations, however, has depended on duty rates Congress adopted many years ago on the recommendation of the U.S. Trade Representative. These duty rates have remained in place in the Kennedy, Tokyo, and Uruguay Rounds of trade negotiations, and the office of the U.S. Trade Representative has consistently recognized that they level the playing field and are essential to the preservation of jobs at these plants.

But some international manufacturers have devised a way around these tariffs. By implanting a small amount of textile material onto the sole of this footwear, they have successfully had their footwear reclassified as a textile product, and therefore subject to a much lower duty rate. The implanted textile material does nothing to enhance the fit, appearance, or value of the footwear involved. But while the European Union has rejected this attempt at tariff engineering, U.S. Customs and Border Protection has thus far failed to take similar action. The U.S. International Trade Commission is in the process of an investigation that is expected to recommend changes that could rectify this problem — but the process will likely extend into 2011, leaving American jobs at risk in the immediate future while the system continues to be manipulated.

We believe firmly that our constituents are right to demand that Congress act now to enforce the spirit of the law and make certain these jobs remain in the U.S. A provision of S. 730, the Affordable Footwear Act, would solve this problem by closing the loophole that allows importers to evade duties that help the domestic manufacturers compete in the U.S. and global markets. Specifically, page 6, lines 13-17 of the Act add a Note 8 to Chapter 64 of the Harmonized Tariff Schedule that reads:

For purposes of this chapter, the constituent material of an outer sole of rubber or plastics to which textile materials are attached or into which such materials are otherwise incorporated shall be deemed to be only of rubber or plastics.

This provision has no cost, and in fact would raise a small amount of revenue for the federal government. We understand that S. 730 is being considered as an amendment to the next jobs package, and we urge you to make this a top priority as we fight to prevent the continued off-shoring of our country's once-unparalleled manufacturing base.

In the midst of the highest unemployment rate in a quarter-century, we cannot afford to lose existing jobs in our states to unfair tariff practices. If we fail to act in a timely manner, the facilities that produce these jobs will face imminent closure. We look forward to working with you to save hundreds of jobs and prevent importers from skirting tariff rates that protect domestic footwear.

Sincerely,

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